

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2011-344-C - ORDER NO. _____
DECEMBER____, 2011

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| IN RE: Application of Quad Comm, LLC, for a |) | ORDER GRANTING |
| Certificate of Public Convenience and |) | CERTIFICATE AND |
| Necessity to Provide Resold Long Distance |) | APPROVING |
| Telecommunications Services within the |) | ALTERNATIVE |
| State of South Carolina |) | REGULATION |
| |) | |

This matter comes before the Public Service Commission of South Carolina (“Commission”) by way of the Application of Quad Comm, LLC (“Applicant” or the “Company”) requesting a Certificate of Public Convenience and Necessity authorizing it to provide resold long distance telecommunications services within the State of South Carolina. The Company’s Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 2009) and the rules and regulations of the Commission. By its Application, the Company also requests alternative regulation of its business interexchange services consistent with Commission Orders, and waiver of certain Commission regulations.

The Commission’s Clerk’s Office instructed the Company to publish, one time, a Notice of Filing in newspapers of general circulation in the areas of the state affected by the Application. The purpose of the Notice of Filing was to inform interested parties of the Application of The Company and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Applicant complied with this

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instruction and provided the Commission with proof of publication of the Notice of Filing.

A hearing was convened on November 28, 2011, at 11:30 a.m. in the offices of the Commission in Columbia, South Carolina, before F. David Butler, Hearing Examiner. The Company was represented by Scott Elliott, Esquire. The Office of Regulatory Staff (“ORS”) was represented by Nanette S. Edwards, Esquire. At the outset of the hearing, the Application and the ORS entered a Settlement Agreement into the record attached hereto as Order Exhibit 1.

Jenny Rohr, President and Managing Member of the Company, testified in support of the Company’s Application. The record reveals that The Company is a limited liability corporation organized under the laws of the State of Florida, which is registered to transact business in South Carolina. According to Ms. Rohr, the Company seeks authority as a reseller of interexchange services. Ms. Rohr explained the Company’s request for authority, and the record further reveals the Company’s services, operations, and marketing procedures. The Company intends to offer resold interexchange service throughout the State. Ms. Rohr also discussed the Company’s technical, financial, and managerial resources to provide the services for which it seeks authority.

With regard to technical, financial, and managerial capabilities, the Company’s Application and Ms. Rohr’s testimony both evidence that the Company’s management has extensive experience in telecommunications, information technology, regulatory matters, and accounting and finance. Applicant’s witness also testified that the Company will operate in accordance with Commission rules, regulations, guidelines, and

Commission Orders. Ms. Rohr offered that approval of the Company's Application would serve the public interest.

The Company requests a waiver of 26 S.C. Code Ann. Regs. 103-610, since the Company's books are maintained in another state. The Company also requests a waiver of any Commission policy that would require it to maintain its books under the Uniform System of Accounts ("USOA") method. The Company uses Generally Accepted Accounting Principles ("GAAP") to maintain its books. Therefore, according to the Company, it would create a hardship to maintain a separate accounting system.

After consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Applicant is organized under the laws of the State of Florida as a limited liability corporation and is authorized to do business in South Carolina by the Secretary of State.
2. Applicant desires to operate as a provider of resold interexchange services in South Carolina.
3. We find that Applicant possesses the managerial, technical, and financial experience and capability to operate as a provider of resold interexchange services in South Carolina.
4. We find that the issuance of a Certificate of Public Convenience and Necessity to Applicant to operate as a reseller of interexchange services in South

Carolina would be in the best interest of the citizens of South Carolina by providing more competitive services.

5. The Company requests a waiver of 26 S.C. Code Ann. Regs. 103-610, and for waiver of any Commission policy that would require it to maintain its books under USOA. The Commission finds the Company's requested waivers reasonable and understands the potential difficulty presented to The Company should the waivers not be granted.

6. The Company has the managerial, technical, and financial resources to provide the services as described in its Application.

7. The Settlement Agreement between the Company and the ORS is fair and reasonable and in the public interest.

CONCLUSIONS OF LAW

1. The Commission concludes that Applicant possesses the managerial, technical, and financial resources to provide the telecommunications services as described in its Application.

2. The Commission concludes that the issuance of the authority to provide intrastate interexchange telecommunications services as requested by Applicant and as set forth in its Application and the testimony is in the best interests of the citizens of the State of South Carolina.

3. The Commission concludes that a Certificate of Public Convenience and Necessity should be granted to Applicant to provide resold intrastate interexchange telecommunications services.

4. The Commission adopts a rate design for Applicant for its residential interexchange services, if any, which include maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. *In Re: Application of GTE Sprint Communications Corporation, etc.*, Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

5. Applicant shall not adjust its residential interexchange rates for end-users, if any, below the approved maximum level without notice to the Commission and to the public. Applicant shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. *In Re: Application of GTE Sprint Communications, etc.*, Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 2008).

6. The Commission concludes that Applicant's intrastate interexchange business telecommunications services shall be regulated in accordance with the principles and procedures established for alternative regulation of business service offerings set out

in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. The Commission has previously granted this “alternative regulation” to competitive intrastate interexchange carriers operating within South Carolina, and the Commission concludes that the competitive marketplace requires the Commission to allow this flexible regulation to those carriers which request it. Specifically, the Commission-approved alternative regulation allows business service offerings, including consumer card services and operator services, to be subject to a relaxed regulatory scheme identical to that granted to similarly situated interexchange carriers in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C.

However, pursuant to Order No. 2001-997 (Docket No. 2000-407-C), this Commission has modified alternative regulation by the re-imposition of rate caps with regard to certain “operator-assisted calls” where a customer uses a local exchange carrier’s calling card to complete calls from locations which have not selected that local exchange carrier as the toll provider. Order No. 2001-997, dated November 8, 2001, imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-minute rate associated with these calls. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission.

7. We conclude that Applicant's request for waiver of 26 S.C. Code Ann. Regs. 103-610 and use of the USOA should be granted. The waivers are not contrary to the public interest.

8. Because the Settlement Agreement between the Applicant and the ORS is fair, reasonable, and in the public interest, it is hereby approved.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. A Certificate of Public Convenience and Necessity should be granted to The Company to provide intrastate interexchange services through its own facilities and by the resale of services authorized for resale by tariffs of carriers approved by the Commission within the State of South Carolina.

2. The Company's rate designs for its products shall conform to those designs described in Conclusions of Law above.

3. If it has not already done so by the date of issuance of this Order, The Company shall file its revised tariff within thirty (30) days of receipt of this Order using the Commission's e-filing system. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations, as well as the provisions of the Quad Comm-ORS Settlement Agreement.

4. The Company shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Applicant changes underlying carriers, it shall notify the Commission in writing.

5. In addition to the financial filings required supra, The Company shall file annual financial information in the form of annual reports and gross receipts reports as

required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, The Company shall keep financial records on an intrastate basis for South Carolina to comply with the annual report and gross receipts filings. The proper form for filing annual financial information can be found at the Commission's website at the ORS's website at www.regulatorystaff.sc.gov. The title of this form is "Telecommunications Company Annual Report." This form shall be utilized by the Company to file annual financial information with the Commission and ORS and shall be filed no later than **April 1st**.

Commission gross receipts forms are due to be filed with the Commission and ORS no later than **August 31st** of each year. The proper form for filing gross receipts information can be found at the ORS website at www.regulatorystaff.sc.gov, and the appropriate form is entitled "Gross Receipts Form."

Each telecommunications company certified in South Carolina is required to file annually with the ORS the South Carolina Universal Service Fund ("USF") Contribution Worksheet, which may be found on the ORS's website at www.regulatorystaff.sc.gov. This worksheet provides ORS information required to determine each telecommunications company's liability to the State USF fund. The South Carolina Universal Service Fund Contribution Worksheet is due to be filed annually no later than **July 1st** with the ORS.

6. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests,

and repairs. In addition, the Company shall provide to the Commission and ORS in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. The Company shall file the names, addresses, and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The “Authorized Utility Representative Information” form can be found at the ORS website at www.regulatorystaff.sc.gov; this form shall be utilized for the provision of this information to the Commission and ORS. Further, the Company shall promptly notify the Commission and ORS in writing if the representatives are replaced.

7. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

8. At the hearing, Applicant requested a waiver of 26 S.C. Code Ann. Regs. 103-610 and use of the USOA. The Commission finds Applicant’s requested waivers reasonable and understands the potential difficulty presented to Applicant should the waivers not be granted. The Commission therefore grants the requested waivers. However, Applicant shall make available its books and records at all reasonable times upon request by the Office of Regulatory Staff, and Applicant shall promptly notify the Commission and ORS if the location of its books and records changes.

9. The Settlement Agreement between Quad Comm, LLC and ORS is hereby approved.

10. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

John E. Howard, Chairman

ATTEST:

David A. Wright, Vice Chairman
(SEAL)